QUARTERLY REPORT

TRADING NAME OF LICENSEE:

Marina District Development Company, LLC and Subsidiary
(Borgata Hotel Casino & Spa)

For The Quarter Ended March 31, 2004

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

BALANCE SHEETS

AS OF MARCH 31, 2004 AND DECEMBER 31, 2003

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents	$ 20,002	$ 25,001
2	Short-Term Investments	-	-
	Receivables and Patrons' Checks (Net of Allowance for		
3	Doubtful Accounts - 2004, $5,265; 2003, $2,561) Note 3, 6	17,585	17,554
4	Inventories	2,054	2,221
5	Prepaid Expenses and Other Current Assets	4,865	4,776
6	Total Current Assets	44,506	49,552
7	Investments, Advances, and Receivables	2,699	2,699
8	Property and Equipment - Gross	1,022,634	1,021,626
9	Less: Accumulated Depreciation and Amortization	(40,505)	(28,368)
10	Property and Equipment - Net	982,129	993,258
11	Other Assets	17,650	19,428
12	Total Assets	$ 1,046,984	$ 1,064,937
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable	$ 3,753	$ 6,682
14	Notes Payable	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates	-	-
16	Other Note 7	51,875	50,625
17	Income Taxes Payable and Accrued	777	312
18	Other Accrued Expenses Note 4	44,926	37,229
19	Other Current Liabilities Note 5, 6	7,592	11,910
20	Total Current Liabilities	108,923	106,758
	Long-Term Debt:		
21	Due to Affiliates	-	-
22	Other Note 7	521,437	555,531
23	Deferred Credits	-	-
24	Other Liabilities Note 8	16,222	16,466
25	Commitments and Contingencies		
26	Total Liabilities	646,582	678,755
27	Stockholders', Partners', or Proprietor's Equity Note 2	400,402	386,182
28	Total Liabilities and Equity	$ 1,046,984	$ 1,064,937

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Revenue:		
1	Casino	$ 140,204	$ -
2	Rooms	18,704	-
3	Food and Beverage	26,886	-
4	Other	4,839	-
5	Total Revenue	190,633	-
6	Less: Promotional Allowances	44,744	-
7	Net Revenue	145,889	-
	Costs and Expenses:		
8	Cost of Goods and Services	84,347	-
9	Selling, General, and Administrative	16,943	-
10	Provision for Doubtful Accounts ... Note 3	2,704	-
11	Total Costs and Expenses	103,994	-
12	Gross Operating Profit	41,895	-
13	Depreciation and Amortization	13,817	-
	Charges from Affiliates Other than Interest:		
14	Management Fees	-	-
15	Other	-	-
16	Income (Loss) from Operations	28,078	-
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates	-	-
18	Interest (Expense) - External ... Note 8	(10,078)	-
19	Investment Alternative Tax and Related Income (Expense) - Net	(1,790)	-
20	Nonoperating Income (Expense) - Net	(378)	-
21	Total Other Income (Expenses)	(12,246)	-
22	Income (Loss) Before Income Taxes and Extraordinary Items	15,832	-
23	Provision (Credit) for Income Taxes	2,465	-
24	Income (Loss) Before Extraordinary Items	13,367	-
25	Extraordinary Items (Net of Income Taxes - 2003, $0; 2002, $0)	-	-
26	Net Income (Loss)	$ 13,367	$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND THE SIX MONTHS ENDED DECEMBER 31, 2003

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	Accumulated Other Comprehensive Income (Loss) (e)	Total Equity (Deficit) (f)
1	**Balance, June 30, 2003**	$ 376,700	$ (58,283)	$ (23,609)	$ 294,808
2	Net Income (Loss) - 2003	-	12,906	-	12,906
3	Capital Contributions	70,000	-	-	70,000
4	Capital Withdrawals	-	-	-	-
5	Partnership Distributions	-	-	-	-
6	Prior Period Adjustments	-	-	-	-
7	Other Comprehensive Income, net......Note 8	-	-	8,468	8,468
8		-	-	-	-
9		-	-	-	-
10	**Balance, December 31, 2003**	446,700	(45,377)	(15,141)	386,182
11	Net Income (Loss) - 2004	-	13,367	-	13,367
12	Capital Contributions	-	-	-	-
13	Capital Withdrawals	-	-	-	-
14	Partnership Distributions	-	-	-	-
15	Prior Period Adjustments	-	-	-	-
16	Other Comprehensive Income, net......Note 8	-	-	853	853
17		-	-	-	-
18		-	-	-	-
19	**Balance, March 31, 2004**	$ 446,700	$ (32,010)	$ (14,288)	$ 400,402

Marina District Development Company is a limited liability company and therefore is treated as a partnership.

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 28,853	$ -
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities	-	-
3	Proceeds from the Sale of Short-Term Investment Securities	-	-
4	Cash Outflows for Property and Equipment	(1,008)	-
5	Proceeds from Disposition of Property and Equipment	-	-
6	Purchase of Casino Reinvestment Obligations	-	-
7	Purchase of Other Investments and Loans/Advances made	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables	-	-
9	Cash Outflows to Acquire Business Entities	-	-
10		-	-
11		-	-
12	Net Cash Provided (Used) By Investing Activities	(1,008)	-
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt	-	-
14	Payments to Settle Short-Term Debt	-	-
15	Cash Proceeds from Issuance of Long-Term Debt	96,900	-
16	Costs of Issuing Debt	-	-
17	Payments to Settle Long-Term Debt	(129,744)	-
18	Cash Proceeds from Issuing Stock or Capital Contributions	-	-
19	Purchases of Treasury Stock	-	-
20	Payments of Dividends or Capital Withdrawals	-	-
21		-	-
22		-	-
23	Net Cash Provided (Used) By Financing Activities	(32,844)	-
24	Net Increase (Decrease) in Cash and Cash Equivalents	(4,999)	-
25	Cash and Cash Equivalents at Beginning of Period	25,001	-
26	Cash and Cash Equivalents at End of Period	$ 20,002	$ -

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized)	$ 9,071	$ -
28	Income Taxes	$ 1,300	$ -

The accompanying notes are an integral part of the financial statements.
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TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss)	$ 13,367	$ -
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment	12,137	-
31	Amortization of Other Assets	1,680	-
32	Amortization of Debt Discount or Premium	-	-
33	Deferred Income Taxes - Current	-	-
34	Deferred Income Taxes - Noncurrent	-	-
35	(Gain) Loss on Disposition of Property and Equipment	-	-
36	(Gain) Loss on Casino Reinvestment Obligations	1,790	-
37	(Gain) Loss from Other Investment Activities	-	-
38	Net (Increase) Decrease in Receivables and Patrons' Checks	(31)	-
39	Net (Increase) Decrease in Inventories	167	-
40	Net (Increase) Decrease in Other Current Assets	(89)	-
41	Net (Increase) Decrease in Other Assets	98	-
42	Net Increase (Decrease) in Accounts Payable	(2,929)	-
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt	1,970	-
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt	311	-
45	Net Loss (Gain) on Derivative Financial Instruments	382	-
46	______________	-	-
47	Net Cash Provided (Used) By Operating Activities	$ 28,853	$ -

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment	$ (1,008)	$ -
49	Less: Capital Lease Obligations Incurred	-	-
50	Cash Outflows for Property and Equipment	$ (1,008)	$ -
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired	$ -	$ -
52	Goodwill Acquired	-	-
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment	-	-
54	Long-Term Debt Assumed	-	-
55	Issuance of Stock or Capital Invested	-	-
56	Cash Outflows to Acquire Business Entities	$ -	$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions	$ -	$ -
58	Less: Issuances to Settle Long-Term Debt	-	-
59	Consideration in Acquisition of Business Entities	-	-
60	Cash Proceeds from Issuing Stock or Capital Contributions	$ -	$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE THREE MONTHS ENDED MARCH 31, 2004

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	92,801	$ 11,563	-	$ -
2	Food	404,330	8,143	102,020	1,020
3	Beverage	1,427,086	4,638	-	-
4	Travel	-	-	4,279	1,070
5	Bus Program Cash	-	-	-	-
6	Other Cash Complimentaries	656,534	16,413	-	-
7	Entertainment	20,034	801	56	42
8	Retail & Non-Cash Gifts	-	-	8,274	2,068
9	Parking	-	-	-	-
10	Other*	127,406	3,186	833,747	625
11	Total	2,728,191	$ 44,744	948,376	$ 4,825

* Promotional Allowances - Other includes $2,821 of comp dollars and slot dollars earned but not redeemed.

* Promotional Expenses - Other includes $625 of comp taxes.

FOR THE THREE MONTHS ENDED MARCH 31, 2004

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	92,801	$ 11,563	-	$ -
2	Food	404,330	8,143	102,020	1,020
3	Beverage	1,427,086	4,638	-	-
4	Travel	-	-	4,279	1,070
5	Bus Program Cash	-	-	-	-
6	Other Cash Complimentaries	656,534	16,413	-	-
7	Entertainment	20,034	801	56	42
8	Retail & Non-Cash Gifts	-	-	8,274	2,068
9	Parking	-	-	-	-
10	Other*	127,406	3,186	833,747	625
11	Total	2,728,191	$ 44,744	948,376	$ 4,825

* Promotional Allowances - Other includes $2,821 of comp dollars and slot dollars earned but not redeemed.

* Promotional Expenses - Other includes $625 of comp taxes.

Marina District Development Company, LLC and Subsidiary

(A Wholly-Owned Subsidiary of Marina District Development Holding Co., LLC)

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of Marina District Development Company, LLC, d.b.a. Borgata, (a development-stage enterprise prior to July 3, 2003) ("MDDC, LLC") and Marina District Finance Company, Inc. ("MDFC"), its wholly-owned subsidiary, collectively referred to herein as the "Company", "We", or "Us". The Company is a wholly-owned subsidiary of Marina District Development Holding Co., LLC ("Holding Company" or "Parent"). Holding Company is jointly owned by MAC, Corp. ("MAC"), a wholly-owned subsidiary of MGM MIRAGE, and Boyd Atlantic City, Inc. ("BAC"), a wholly-owned subsidiary of Boyd Gaming Corporation. Our purpose is to develop, own, and operate a hotel casino and spa facility at Renaissance Pointe in Atlantic City, New Jersey. We opened Borgata on July 3, 2003 with approximately 2,000 hotel rooms, a 125,000 square foot casino, and other amenities.

Pursuant to the Joint Venture Agreement (the "Agreement"), BAC, as the managing venturer of the Holding Company, has oversight responsibility for the management of Borgata which includes the design, development, and construction as well as the day to day operations. We do not record a management fee from BAC as our management team directly performs these services or negotiates contracts to provide for these services. As a result, the costs of these services are directly borne by the Company and are reflected in our accompanying condensed consolidated financial statements.

In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the results of our operations and our cash flows. Pursuant to CCC-200I, periods prior to July 3, 2003 have been omitted as we were not in operation. We suggest reading this report in conjunction with our Quarterly Report for the Fourth Quarter ended December 31, 2003. The operating results and our cash flows for the three months are not necessarily indicative of the results that will be achieved for the full year or future periods.

Income Taxes

We are treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of MAC and BAC. As such, no provision for federal income taxes has been recorded in the accompanying condensed consolidated financial statements. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act and, accordingly, we are required to record New Jersey state income taxes upon receiving our casino license.

Pursuant to an amendment to the Casino Control Act, effective July 1, 2003, we are also subject to a 7.5% Adjusted Net Profits Tax which is imposed on a casino's Adjusted Net Income as defined in the Casino Control Commission regulations. This tax is imposed for three years and is based on Adjusted Net Income for the first 12 months of operations ending on June 30, 2004.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, or GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Significant estimates incorporated into our condensed consolidated financial statements include the estimated useful lives for depreciable and amortizable assets, the estimated allowance for doubtful accounts receivable, estimated valuation allowance for deferred tax assets, estimated liabilities for our self-insured medical plan, slot club programs, and litigation, claims and assessments. Actual results could differ from those estimates and assumptions.

Derivative Financial Instruments and Other Comprehensive Income (Loss)

GAAP requires all derivative instruments to be recognized on the balance sheet at fair value. Derivatives that are not designated as hedges for accounting purposes must be adjusted to fair value through income. If the derivative qualifies and is designated as a hedge, depending on the nature of the hedge, changes in its fair value will either be offset against the change in fair value of the hedged item through earnings or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. For further information please see Note 8.

Note 2. Capital Contributions

The components of cash and non-cash equity contributions, including scope changes, as of March 31, 2004 are as follows (in thousands):

Cash	$	355,267,000
Land		87,301,000
Special Revenue Bonds		2,699,000
Other		1,433,000
Capital contributions	**$**	**446,700,000**

Under the terms of the Operating and Letter Agreements, MAC and BAC are required to make additional contributions to us in the approximate amounts of $4,100,000 and $35,500,000, respectively, as of March 31, 2004.

Note 3. Receivables and Patrons' Checks

Receivables and patrons' checks consist of the following:

	March 31, 2004	December 31, 2003
Casino receivables (net of an allowance for doubtful accounts, 2004, $4,993,000 and 2003, $2,171,000)	$ 11,370,000	$ 12,259,000
Other (net of an allowance for doubtful accounts, 2004, $272,000 and 2003, $390,000)	5,355,000	4,442,000
Due from related parties (Note 6)	860,000	853,000
Receivables and patrons' checks, net	**$ 17,585,000**	**$ 17,554,000**

Note 4. Other Accrued Expenses

Other accrued expenses consist of the following:

	March 31, 2004	December 31, 2003
Payroll and related	$ 18,499,000	$ 15,772,000
Other	26,427,000	21,457,000
Other accrued expenses	**$ 44,926,000**	**$ 37,229,000**

Note 5. Other Current Liabilities

Other current liabilities consist of the following:

	March 31, 2004	December 31, 2003
Due to related parties (Note 6)	$ 1,181,000	$ 4,151,000
Other	6,411,000	7,759,000
Other current liabilities	**$ 7,592,000**	**$ 11,910,000**

Note 6. Related Parties

Pursuant to the Agreement, MAC is solely responsible for any investigation, analyses, clean-up, detoxification, testing, monitoring, or remediation related to Renaissance Pointe. The related amounts due from MAC for these types of expenditures incurred by us were $286,000 and $796,000 at March 31, 2004 and December 31, 2003, respectively. Reimbursable environmental expenditures incurred were less than $100,000 for the three months ended March 31, 2004.

BAC reimburses us for certain compensation paid to executives as well as payments made by us on behalf of Boyd Gaming Corporation related to investigative services for our casino license. The related amounts incurred by us and due from Boyd Gaming Corporation for these types of expenses were $574,000 and $57,000 at March 31, 2004 and December 31, 2003, respectively. Reimbursable expenditures incurred were $592,000 for the three months ended March 31, 2004.

Pursuant to the Agreement, MAC is responsible for the development of master plan and government improvements at Renaissance Pointe. The related amounts due to MAC for our allocable share of these types of expenditures were $0 and $3,760,000 at March 31, 2004 and December 31, 2003, respectively. Master plan and government improvement expenditures reimbursable to MAC were $0 for the three months ended March 31, 2004.

On May 20, 2002, we entered into a 75 year ground lease agreement with MAC related to our employee parking garage and on February 21, 2003, we entered into a three year ground lease agreement with MAC related to our surface parking lot. The related amounts due to MAC for these leases were $328,000 and $153,000 at March 31, 2004 and December 31, 2003, respectively. Related rent expense payments were $333,000 for the three months ended March 31, 2004. Pursuant to the ground lease agreement related to the employee parking garage, we are responsible for reimbursing MAC for related property taxes paid on our behalf. Amounts reimbursed to MAC for property taxes were $172,000 for the three months ended March 31, 2004.

On August 1, 2003, we entered into a one year airplane lease agreement with BAC that is cancelable by either party. The related amounts due to BAC for these types of expenditures were $0 at March 31, 2004 and December 31, 2003. Related rent expense payments were $125,000 for the three months ended March 31, 2004.

We reimburse BAC for compensation paid to employees performing services for us on a full-time basis and for out-of-pocket costs and expenses incurred related to travel. BAC is also reimbursed for various payments made on our behalf primarily related to third party legal fees, investigative fees, and other. The related amounts due to BAC for these types of expenditures paid by BAC were $853,000 and $238,000 at March 31, 2004 and December 31, 2003, respectively. Reimbursable expenditures during the three months ended March 31, 2004 were $1,808,000.

The related party balances above are non-interest bearing.

Note 7. Debt

On December 13, 2000, we entered into a $630,000,000 bank credit agreement (the "Credit Agreement"). Amounts outstanding under each component of the Credit Agreement are as follows (in thousands):

	March 31, 2004	December 31, 2003
Tranche A line of credit	$ 368,750,000	$ 380,625,000
Tranche B notes	186,562,000	187,031,000
Revolving line of credit	18,000,000	38,500,000
Total long-term debt	573,312,000	606,156,000
Less current maturities	51,875,000	50,625,000
Total	**$ 521,437,000**	**$ 555,531,000**

The Credit Agreement consists of a $442,500,000 line of credit ("Tranche A") and a $187,500,000 bridge loan commitment ("Bridge Loan Commitment"). Tranche A functioned as a line of credit until the Borgata construction was completed and other conditions required under the Credit Agreement were met (September 26, 2003 or the "Completion Date"), at which time the outstanding balance under Tranche A converted to a term loan, which matures in December 2007. The principal amount of the term loan shall be repaid quarterly in minimum payments starting at $11,875,000 and increasing up to $15,625,000, that commenced on December 31, 2003 (the "Conversion Date") and will continue on the last day of each fiscal quarter thereafter through and including September 30, 2007, and on December 13, 2007, all outstanding principal shall be due and payable. The availability under Tranche A, created from optional prepayments of such tranche, will serve as a revolving line of credit that may not exceed $50,000,000. The revolving line of credit expires on December 13, 2007. The availability under the revolving line of credit was $29,700,000 at March 31, 2004. Commencing January 1, 2004, the interest rate on Tranche A is based upon either the agent bank's quoted base rate, plus an applicable margin of 2%, or the LIBOR rate, plus an applicable margin of 3% until the Conversion Date. The interest rate on Tranche A will be based upon the agent bank's quoted base rate, plus a range of 1% to 2% per annum that is determined based upon a defined leverage ratio or the LIBOR rate plus a range of 2% to 3% per annum that is determined based upon the same defined leverage ratio. At March 31, 2004 and December 31, 2003, the blended interest rates on Tranche A were 4.3% and 4.2%, respectively. At March 31, 2004 and December 31, 2003, the blended interest rate on the revolving line of credit was 5.2% and 5.3%, respectively.

We began borrowing Tranche A funds on April 15, 2002. On July 15, 2002, all $187,500,000 of the Bridge Loan Commitment amount was converted to Tranche B Notes ("Tranche B"). We issued $187,500,000 of Tranche B, subject to all terms and conditions of the Credit Agreement, of which $100,200,000 was used to pay down amounts outstanding under Tranche A at that time. The principal amount of Tranche B shall amortize quarterly at the rate of 0.25% of the original principal balance per quarter, that commenced on the Conversion Date and will continue on the last day of each fiscal quarter thereafter through and including September 30, 2007, and on December 13, 2007, all outstanding principal shall be due and payable. Tranche B bears interest at a rate per annum (a) on that portion maintained from time to time as a Base Rate Loan, equal to the sum of the Base Rate from time to time in effect plus the Applicable Tranche B LIBOR Rate Margin in effect from time to time minus 1.00% per annum; and (b) on that portion maintained as a LIBOR Rate Loan, during each interest period applicable thereto, equal to the sum of the LIBOR Rate (Reserve Adjusted) for such interest period plus 4.00% per annum through the date of delivery of a Compliance Certificate for the first full calendar quarter following the Conversion Date and thereafter adjusted based on our leverage ratio. At March 31, 2004 and December 31, 2003, the Tranche B balances were maintained as LIBOR Rate Loans and the blended interest rates were 5.3% and 5.2%, respectively.

Our obligations under the Credit Agreement are secured by substantially all of our real and personal property. The Credit Agreement contains certain financial and other covenants, the majority of which began to apply the first full fiscal quarter following the Completion Date. We believe we are in compliance with the credit agreement covenants at March 31, 2004.

Our ability to service our debt will be dependent on future performance, which will be affected by, among other things, prevailing economic conditions and financial, business and other factors, certain of which are beyond our control.

Note 8. Interest Rate Protection Agreements

On March 8, 2001, we entered into several interest rate protection agreements to comply with the requirements of our Credit Agreement at an initial cost of $771,000. The interest rate protection agreements consist of interest rate swaps, caps and collars with a combined total initial aggregate notional amount of $310,000,000 that commence and mature at various dates ranging from December 2001 to December 2005. The interest rate protection agreements are accounted for as derivative financial instruments. The fair values of the derivative financial instruments at March 31, 2004 and December 31, 2003 have been recorded on the accompanying condensed consolidated balance sheets. Net interest paid or received pursuant to the derivative financial instruments is included in interest expense in the period.

The following table reports the effects of the mark to market valuations of our derivative financial instruments for the periods indicated (in thousands). The increase or decrease in fair value of certain hedges deemed to be ineffective is reported in condensed consolidated statements of operations. The increase or decrease in fair value of certain hedges deemed to be effective is reported in other comprehensive income (loss) on the condensed consolidated balance sheet.

	Three Months Ended March 31, 2004
Net loss on derivative financial instruments due to ineffectiveness in certain hedges	**$ (382,000)**
Derivative financial instruments market adjustment	$ 937,000
Tax effect of derivative financial instruments market adjustment	(84,000)
Net derivative financial instruments market adjustment	**$ 853,000**

We estimate a net amount less than $100,000 of existing net losses reported in accumulated other comprehensive loss at March 31, 2004 to be recorded as net losses on derivative financial instruments in the condensed consolidated statement of operations within the next twelve month period through quarterly mark to market valuations of our derivative financial instruments.

STATEMENT OF CONFORMITY AND COMPLIANCE

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report, has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

Signature - Auggie Cipollini

Vice President - Finance
Title

7163-11
License Number

On Behalf of:
Marina District Development Company LLC
Casino Licensee